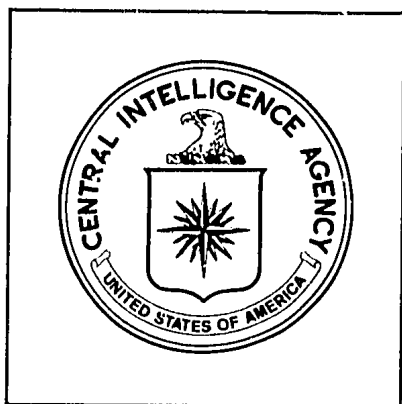


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WESTERN EUROPE — CANADA — INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Italian Christian Democrats Reassessing Strategy

The national council of Italy's Christian Democratic Party is meeting today to assess party strategy in the light of the Socialists' refusal last week to begin negotiations immediately for a new four-party center-left government.

The two smaller center-left parties--the Social Democratic and the Republican--accepted the Christian Democrats' offer. The Socialists, who emerged from the recent regional and local elections with the possibility of joining the Communists in more local governments, are holding out for more time to avoid having that option become part of the bargaining for a new national government.

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The Christian Democratic meeting today is likely to be stormy. Six key members of the Christian Democratic left wing announced over the weekend that they will resign from the party's central committee at today's gathering. For the past two weeks, the left has been urging party chief Fanfani to step down; it hopes the resignations will help provoke a reevaluation of the party's leadership and policies.

Three of the left-wingers are ministers in the Moro government. One of them claims the three will also resign from the cabinet, causing a government crisis, if their demands are not met.

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The other Christian Democratic factions agree that something has to be done soon, but they have not yet agreed to any clear policy line. The Socialist refusal narrows their options. In addition to the left's proposal for an across-the-board reassessment, some of the options that will probably be under discussion today include:

--Leaving the Moro government in place until the Christian Democrats and Socialists have had time to hold party congresses.

--Replacing Moro with an all-Christian Democratic caretaker government that would serve the same purpose.

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--Taking a hard line against the Socialists, even at the risk of provoking an early national election.

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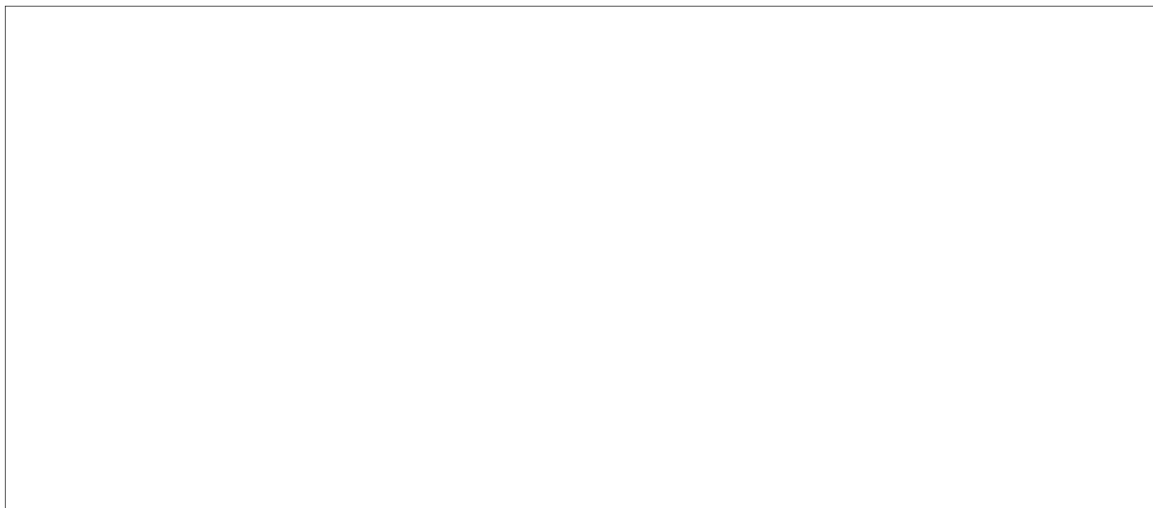


Cypriot President Completes Arab Tour

Last week, President Makarios completed a tour of several Arab states aimed at winning Arab backing for the Greek Cypriot case against the Turks. Makarios received some rhetorical support for his cause but few offers of concrete assistance.

Makarios' wooing of the Arabs began last March when he recognized the Palestine Liberation Organization and granted it permission to open an office in Nicosia. The Archbishop followed this up with a trip to four Persian Gulf states in May and visits to Egypt, Syria, Iraq, and Libya this month.

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Turkish Cypriots also are bidding for Arab support. Last week, a high level Turkish Cypriot official went to Saudi Arabia in the first of several visits to Arab states while Turkish Cypriot leader Denktash is set to visit Libya and Iraq soon. Turkish Cypriots will also be represented at the Islamic countries conference to be held in Jidda in mid July.

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Relations between the two ethnic communities, meanwhile, worsened over the weekend following the expulsion of several hundred Greek Cypriots from the Turkish Cypriot zone and Denktash's threat today to expel the remaining Greek Cypriots unless all Turkish Cypriots living in the Greek Cypriot zone who wish to move north are allowed to do so. Although Denktash is upset about the alleged rough treatment of some Turkish Cypriots recently caught making their way to the north, his demand may be the beginning of an effort to achieve the complete separation of the two communities. There are less than 10,000 Turkish Cypriots still left in the south and an equal number of Greek Cypriots in the north. Should the expulsion of Greek Cypriots continue, it may well lead to the cancellation of the third round of intercommunal talks set to begin in Vienna on July 24.

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Canadian NATO Delegation Urges Detailed US and
West German Comments on Ottawa's Defense Review

Canadian NATO officials, in separate bilateral consultations in Brussels, have urged the US and West Germany to provide written comments on the effect of Ottawa's current defense review on its NATO force levels. Sub-cabinet officials in both the External Affairs and Defense departments note that such responses must come soon if the cabinet is to be dissuaded from cutting Canada's NATO contribution.

The Canadian officials indicated that the review has now moved to the critical stage of determining the force level needed to meet the nation's defense tasks. Particularly urgent is a decision on the level of expenditures necessary to support Canadian forces in West Germany. While it may be another year before the entire review is completed, a cabinet decision on the type and level of the European NATO contribution is likely much sooner.

No sub-cabinet plan has yet been proposed and all options--a continuation of the current mix of land and air forces, an all-land force, or an all-air contingent--are still open. There are numerous variations within these general options; for example, a land-air mix with the land contingent changed from the current tank brigade to a less expensive light-armored or anti-tank unit. The Canadians said that a reequipped all-air contingent would result in a reduction of about 1,500 men in their European force.

The Canadians reiterated their promise to consult with all the NATO allies as soon as specific plans are ready for cabinet consideration.

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They said Bonn supported modernizing the current land-air mix and they were sure the US would have similar views.

Canadian sub-cabinet officials recognize the serious political and military implications of the proposed force reductions. These officials believe they will need all the allied support they can muster to influence a cabinet beset with inflationary budget pressures and determined to limit government expenditures. The Trudeau government may face difficulty on the question of whether to maintain and modernize Canada's relatively small force that is committed to NATO, particularly if this means cutting back on popular domestic programs. [REDACTED]

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Tory Victory in British By-election

The election of the Tory candidate in the by-election held last week reduces the Labor government's effective parliamentary majority to one, and that seat is held by John Stonehouse, who is still fighting extradition from Australia. Although the government still can count on the support of various smaller parties, it may decide to delay a final decision on Stonehouse's standing lest another by-election further cut into its parliamentary position.

For the same reason, the government may postpone the elevation of various cabinet members to the House of Lords, a move which also would require by-elections.

Labor Party leaders took the by-election, which was a contest between the two major parties, as a warning that the party must be more united in pursuing policies set forth in the manifesto and that the government must come to grips with the country's mounting economic policies. The Tories, particularly party leader Thatcher, who had campaigned vigorously for the Tory candidate, viewed the results as a vote of confidence. Thatcher has been under fire for her low-key attitude during the EC referendum campaign.

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Belgian Leader Snubbed in Moscow

Prime Minister Tindemans returned from Moscow last Friday wishing that he had never gone. Soviet leaders went out of their way to snub and criticize him. The resultant publicity embarrassed Tindemans and could damage him politically at home.

The Prime Minister had disregarded the Belgian Foreign Ministry's advice to stay home and instead accompanied King Baudouin at the latter's insistence. Brezhnev did not receive the visitors during their week-long stay in Moscow and Kosygin, who met the party when it arrived, departed for Hungary before bilateral talks got under way. Before he left, however, Kosygin found time to lecture the delegation on what the Belgians have described as the presumptions of small vassal powers.

The Belgians successfully sidestepped Soviet attempts to pressure them into endorsing a July CSCE summit and Tindemans rebutted Soviet criticism of the EC. Four routine bilateral agreements were concluded and the King made a tough speech during a formal dinner in which he asserted Belgian national policy and the commitment to Europe and the Atlantic alliance.

The overall impact of the visit was to portray Belgian foreign policy as completely subservient to Atlantic doctrine. As for Tindemans, the Belgian Communist newspaper depicted him as "faithful to his image of good student, Atlantic or European."

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Fishing Issues Again Dominate Icelandic Politics

A meeting on June 23 between Icelandic Prime Minister Hallgrimsson and British Prime Minister Wilson concerning fisheries issues has created a stir in Iceland.

In what was described as a "courtesy call" on his way home from a meeting of Nordic ministers in Stockholm, Hallgrimsson outlined Iceland's intentions to extend its fishing limits to 200 miles and discussed plans for a new fishing agreement to replace the one that expires on November 13.

In the meantime, the Communist-dominated Peoples Alliance, which was a member of the government during the cod war with the British, has denounced the Hallgrimsson-Wilson meeting. The Communists insist that there should be no agreement with any country which would permit foreign fishing within Iceland's present 50 mile zone. They believe, moreover, that when Iceland extends its fishing limits, foreign fishing should also be banned from the 200 mile zone. At present, the UK is permitted to fish, with certain restrictions, within the 50 mile zone.

Hallgrimsson reportedly would like to reach an amicable agreement with the British and avoid the kind of emotional atmosphere which has dominated past sessions with the British. The Communists' reaction to the Hallgrimsson-Wilson talks, however, suggests that hammering out the next agreement will be long and difficult.

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EC Research Council Holds Inconclusive
Session

Last week the Nine held their first Council meeting devoted entirely to community scientific research and development programs. Bonn is increasingly adamant against new community expenditures and it stood alone in blocking additional funds for the Joint Research Center (JRC). The West German action led Rome to stall implementation of a proposed EC energy research and development program, which Bonn also opposes.

The JRC, with installations in four member countries, was set up in compliance with a Euratom treaty provision committing members to joint research activities. The current four-year program adopted in 1973 emphasizes such community energy and environment priorities as nuclear reactor safety, treatment of radioactive waste, and the development of new energy sources. The Commission proposed that about \$60 million--already earmarked in 1973--be released largely to offset inflationary cost increases, and that a \$300 million budgetary increase be authorized for new programs. Although the other members agreed, the Germans questioned whether JRC's costs did not far exceed its usefulness and claimed that control over its finances is inadequate, its programs poorly-defined, and that labor problems at the Italian facility severely hamper the program. As agreement proved impossible, the matter was referred to Bonn for further consideration.

The Council also discussed Commission proposals--separate from the JRC activities--for a \$78 million, four-year energy program to include research on saving energy, hydrogen

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production and utilization, solar and geothermal energy, and systems analysis and model building. Germany again stood alone in refusing to agree to these expenditures. The Italians, eager to protect the large JRC facility in their country, put a formal hold on these proposals until Bonn should acquiesce in the JRC matter.

The direct contributions to the EC budget, which are set percentages, are in proportion to the size of the member states' economies. Germany's share in 1975 is 28.1 percent as compared with 23 for France and 17.2 for Italy--the next largest contributors. Bonn, therefore, has been increasingly reluctant to agree to new EC expenditures, particularly during a time of economic recession.

In related decisions, the Commission was instructed urgently to draft community regulations to improve nuclear safety practices and the Council adopted a \$27 million five-year environmental program concerning stockpiling and nuclear waste disposal.

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Lisbon Restructures the Armed Forces
Revolutionary Unit

Portugal's leaders have announced a structural reorganization of the ruling Armed Forces Revolutionary Council. The changes seem designed at least in part to improve government efficiency. It is too soon to determine whether they will affect the power balance between moderates and radicals.

After a night-long session, the Revolutionary Council issued a statement early on Saturday saying it will create a central committee, with subordinate political, military and executive committees. General policy lines will still be decided by the full Council, but the central committee will make decisions on current matters and make recommendations to various government bodies.

The new central committee, which is to handle day-to-day Council business, is to be composed of 11 senior members of the Council. President Costa Gomes, Prime Minister Goncalves, security chief Otelo de Carvalho, and Admiral Rosa Coutinho will be joined on the committee by the chiefs of the general staffs of the three military branches. The four others, who will also be members of the political committee, were not named.

The political committee will maintain contacts with the political parties, as well as with unions and "mass organizations." The Council statement does not discuss the functions or list the members of the military or executive committees.

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The Council statement also announced approval of two decree laws--one creating a judicial police service under the Council's supervision, and another establishing regulations for a revolutionary military tribunal to judge those implicated in the coup attempt of March 11. The opening of the next session of the Armed Forces Movement General Assembly was set for July 8.

Another decree law promulgated recently prohibits members of the government from making statements in disagreement with government policy and requires any member of the government to obtain the prime minister's approval before traveling outside the country.

These measures appear directed against Socialist Party leader Mario Soares, who has conducted a public discussion of government policy and made frequent trips to other European capitals to seek support for his party.

The Revolutionary Council has also approved a decree law providing sanctions against military personnel who contribute to discord within the armed forces, commit or encourage acts of violence, or disrupt public order. This law is not only aimed at combating lack of discipline in the armed forces, but is also probably directed at certain military units that have shown sympathy with radical leftist groups.

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French Leftist Rally Flops in Paris

The first mass rally of the year sponsored by the Left Alliance of the Communists, Socialists, left Radicals, plus the two largest unions and the national education union, was a dismal failure. Billed as a protest against alleged government escalation of "repression and violence to undermine trade union freedom and rights," the 26 June rally drew only about 20,000 persons, despite favorable weather.

The last such rally was held in December 1974-- quite a long interval given the aggravation of the economic situation. Communist-Socialist squabbling set back any such public displays of common militancy, but the basic reason for the failure of the left to capture the interest of the people is that the government has been successful in depriving them of mobilization themes.

Allegations of government repression and violence carry credibility only with hard-core Communists. The organizers of the rally were so desperate for examples that they cited the use of police dogs by the guards of premises of major enterprises facing strikes as a major instance of government condoned "fascism." The general public, however, simply does not believe that the government is using repressive measures to reduce worker resistance to the sacrifices necessary to deal with the nation's economic problems.

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Alleged Soviet Instructions on Subversion for
Western Communist Parties Drawing Interest
in France

Early last week a mildly Socialist oriented French newspaper, the Quotidien de Paris, began devoting part of each issue to articles drafted by writers from Republica, a Portuguese Socialist paper closed by a Communist-dominated union. One of the first articles printed was a summary of a series of alleged Soviet instructions to Communist parties seeking to take power in the West. French press sources have stated that the text had previously been published in an article by Boris Ponomarev, who is in charge of the Soviet party's ties with non-ruling Communist parties, in the Russian and English versions of the World Marxist Review of June 1974. The Republica manager said the material had also appeared, at an unspecified time and place, in Italy.

A text of the Quotidien/Republica item is not yet available and the versions carried by other French papers and the wire services vary. Nevertheless, it is clear that the Ponomarev article, if it is the ultimate source of the "instructions," has been, at the very least, broadly interpreted. The Ponomarev article was one of a number of items that appeared in commemoration of the fifth anniversary of a meeting of several Communist parties in Moscow. Two of its 15 pages deal with the lessons to be learned from the events in Chile, and it is from this section that the "instructions" may have been lifted. The Ponomarev article deals in a dispassionate, theoretical manner with the problems of consolidating political power won by Communists in Western states. Its tone,

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unlike that of the Republica text, is not hortatory and covers the issues in considerably less detail than the "instructions."

The Republica text is variously reported as having

- indicated that the "instructions" were, at least in part, directed specifically toward the Portuguese Communists. Ponomarev's article is directed to no specific party.

- called for control of the mass media to be denied to anti-Communist forces. This point most closely follows the Ponomarev text. He indicates that the importance of the media in political struggles nowadays makes it essential that it be Communist-controlled.

- directed parties to form power centers outside the existing government to engage in sabotage, defamation of political leaders, and to consolidate party power; to create a single, party-controlled union; to destroy the "private sector" of the economy; and to subvert military leaders in order to form an alliance with the army.

The Portuguese Communists have, in fact, pushed through a unitary labor law that has given them dominance over Portuguese labor. They have also been successful, together with other radical elements in the Portuguese regime, in nationalizing two-thirds of Portugal's industry. It is also clear that the Communists have a better relationship with and more influence in the Portuguese Armed Forces Movement than any other Portuguese party.

It seems likely that the Portuguese Communists would have done all these things without specific "instructions" from Ponomarev. In any case, Soviet sources quickly disowned the Republica text as did

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the French Communists, who even sent a delegation to try to look over the original documents. After being told by the Quotidien that such evidence was not available, the French Communists have been grumping self-righteously about their policy of refusing to take orders from anyone. Le Monde, France's most respected newspaper, has more logically noted that the dissemination of such printed instructions--signed by a candidate member of the Soviet politburo no less--has never been Moscow's style. And, indeed, previous effort to exploit alleged Soviet documents have turned out to be based on forgeries. What is not clear is whether the Republica text was recently constructed by anti-Communist Portuguese or whether it had appeared already elsewhere.

On the surface, French Socialist leader Francois Mitterrand might be expected to try to use the issue to play for advantage against the Communists. He is fully committed to his party's alliance with the French Communists, however, and has to walk a careful line between distinguishing his party from its ally and preserving his credibility in continuing the alliance. While the French Communists have been attacking the Socialists for several months, Mitterrand has not responded in kind. The recent events in Lisbon have brought him to the defense of the Portuguese Socialists, but he has also been careful to reiterate his basic support for Communist-Socialists alliances and to urge his opposite numbers in Portugal not to break their ties with the Communists there. Mitterrand, moreover, has serious problems holding the right and left wings of his own party together right now and the Republica matter would only add to the strain if it should become an issue between the two parties. Mitterrand has already moved to keep the lid on the issue. Within hours of when the Quotidien hit the newsstands in France, he told a press conference that he was confident that the "instructions" were a forgery.

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